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Message Text

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PAGE 01 GENEVA 05426 01 OF 02 111738Z
ACTION STR-07

INFO OCT-01 EA-10 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00
AID-05 SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02
OMB-01 DOE-15 DOEE-00 SSO-00 /124 W
----------084349 111742Z /43
P 111705Z APR 78
FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 8210
INFO AMEMBASSY TOKYO

LIMITED OFFICIAL USE SECTION 01 OF 02 GENEVA 05426

USMTN

ACTION STR PASS ELECTRONICALLY
STR PASS CODEL

E.O. 11652 N/A
TAGS: MTN, ETRD, JA
SUBJECT: U.S.-JAPAN BILATERAL ON U.S. SUPPLEMENTAL
- TARIFF REQUEST LIST

1. SUMMARY: U.S. BILATERAL WITH JAPAN CONCENTRATED ON EXPLAINING PROCEDURES, CRITERIA, AND JUSTIFICATIONS OF ITEMS IN THE U.S. SUPPLEMENTAL REQUEST LIST. JAPANESE DELEGATION PRESENTED ITS SUPPLEMENTAL REQUEST LIST WHICH CONCENTRATED ON ASP ITEMS, FURTHER TARIFF REDUCTIONS ON U.S. EXCEPTIONS INCLUDING MANDATORY EXCEPTIONS, AS WELL AS TARIFF REDUCTIONS EXCEEDING TRADE ACT AUTHORITY.

2. U.S. MTN DEL (MCNAMARA, MOORE, CASSIDY) MET WITH JAPANESE DEL (UDAGAWA, MIYAKE, ET AL) TO DISCUSS IN
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PAGE 02 GENEVA 05426 01 OF 02 111738Z

DETAIL THE U.S. SUPPLEMENTAL TARIFF REQUEST LIST TO JAPAN. UDAGAWA (DIRECTOR, TARIFF DIVISION, MITI) STRESSED THE IMPORTANCE OF PROVIDING HIM WITH THE SPECIFIC CRITERIA USED BY THE U.S. IN CHOOSING BOTH THE PARTICULAR LINE ITEMS AND THE CORRESPONDING RATES SO THAT HE WILL HAVE AS MUCH MATERIAL AS POSSIBLE TO PRESENT AT MITI AND TO OTHER TOKYO OFFICIALS. U.S. DEL DISCUSSED THE PROCEDURES

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

AND CRITERIA FOR CHOOSING THE ITEMS IN THE SUPPLEMENTAL REQUEST LIST, EMPHASIZING THE PARTICIPATION OF PRIVATE SECTOR ADVISORS AS WELL AS GOVERNMENT AGENCIES IN DRAWING UP THE SUPPLEMENTAL REQUESTS. WE NOTED THE REQUESTS WERE AIMED AT TARIFF REDUCTIONS OVER A WIDE RANGE OF PRODUCTS IN ORDER THAT U.S. EXPORTS TO JAPAN CAN GROW ACROSS THE BOARD IN AN ORDERLY FASHION; THE MAIN OBJECTIVES OF THE SUPPLEMENTAL REQUESTS ARE TO INCREASE MARKET ACCESS AND TO ELIMINATE TARIFF DISPARITIES IN ORDER TO ACHIEVE THE GOALS OF THE STRAUSS-USHIBA COMMUNIQUE.

2. U.S. DEL PRESENTED TO THE JAPANESE DEL A COMPUTER TAPE LISTING THE U.S. TARIFF OFFERS AND CORRESPONDING TRADE DATA ON THE UNDERSTANDING THAT JAPANESE DEL WOULD PROVIDE SIMILAR DATA FOR THE U.S. DEL AT AN EARLY DATE. THE U.S. DEL ALSO PROVIDED A SERIES OF TABLES ON THE SUPPLEMENTAL REQUEST LIST ORGANIZED ON AN ISAC BASIS (COPY SENT STR-HUGHES). U.S. DEL EXPLAINED THAT THESE TABLES WERE BEING USED ONLY TO FACILITATE U.S. PRESENTATION. U.S. DEL CONDUCTED AN ANALYSIS OF THE SUPPLEMENTAL REQUEST LIST ON THAT BASIS. DEL DREW HEAVILY ON INFORMATION PROVIDED IN TPSC DOCUMENT 78-20 "U.S.-JAPAN NEGOTIATIONS IN THE MTN", ON INFORMATION PROVIDED TO DELEGATION FOR THIS BILATERAL MEETING, AND ON ITS OWN RESOURCES AND PAST EXPERIENCE. U.S. DELEGATION HIGHLIGHTED THE IMPORTANCE OF THESE REQUESTS TO THE U.S. AND PARTICULARLY LIMITED OFFICIAL USE

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PAGE 03 GENEVA 05426 01 OF 02 111738Z

TO EACH INDUSTRIAL GROUP.

3. JAPANESE DELEGATION POINTED OUT ON NUMEROUS OCCASIONS THAT CERTAIN U.S. SUPPLEMENTAL REQUESTED RATES WERE BELOW U.S. OFFERED RATES ON SIMILAR ITEMS. U.S. DEL EXPLAINED THAT MANY SUCH SITUATIONS CAN BE JUSTIFIED ON ECONOMIC GROUNDS. IN ADDITION, JAPANESE TARIFF RATES SHOULD BE LOWER SINCE JAPAN'S VALUATION IS BASED ON CIF VALUE WHILE U.S. VALUATION IS FOB.

4. JAPANESE DELEGATION PRESENTED THE U.S. DEL WITH THE JAPANESE SUPPLEMENTAL REQUEST LIST (HAND-CARRIED TO STR BY JOHN GREENWALD). THE JAPANESE DELEGATION EXPLAINED THAT THE REQUEST LIST IS ESSENTIALLY AN EXERCISE DESIGNED TO MATCH JAPANESE TARIFF OFFERS ON MANY ITEMS. THE JAPANESE SUPPLEMENTAL REQUEST LIST CONCENTRATES ON ADDITIONAL U.S. TARIFF REDUCTIONS ON ITEMS WHICH WERE EITHER FULLY OR PARTIALLY EXCEPTED, INCLUDING MANDATORY EXCEPTIONS: TEXTILES (THREE-QUARTERS OF THE REQUEST LIST), STAINLESS AND TOOL STEEL PRODUCTS, BALL BEARINGS, ETC. THE JAPANESE LIST ALSO INCLUDES ITEMS ON THE U.S. OFFER WHICH WILL BE SPECIFIED LATER; JAPAN WILL REQUEST THAT

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

WE MATCH ITS TARIFF RATES WHEN U.S. OFFERS ARE SPECIFIED.
IN ADDITION, JAPANESE DEL REQUESTED REDUCTIONS AT GREATER
THAN TRADE ACT AUTHORITY ON MANY ITEMS OFFERED BY THE U.S.
AT FORMULA AND GREATER-THAN-FORMULA REDUCTIONS.
5. JAPANESE DEL STATED THAT ASP AND FINAL LIST SHOULD
BE ABOLISHED AND THAT THE BASE RATES ON THOSE TARIFF ITEMS
SHOULD BE THOSE CURRENTLY IN EFFECT. U.S. DEL RESPONDED
THAT THE U.S. HAS NO INTENTION OF ELIMINATING ASP AND
FINAL LIST ON THAT BASIS AND THAT THE RATES MUST BE AD-
JUSTED TO EQUIVALENT LEVELS OF CURRENT TARIFF PROTECTION.
(COMMENT: U.S. DEL ALREADY HAS PRESENTED JAPANESE DEL
WITH THE NOTICE OF INVESTIGATION BY THE ITC WHICH LISTS
THE EQUIVALENT ASP TARIFF RATES AND THOSE FINAL LIST

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PAGE 01 GENEVA 05426 02 OF 02 111723Z
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INFO OCT-01 EA-10 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00
AID-05 SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02
OMB-01 DOE-15 DOEE-00 SSO-00 /124 W
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LIMITED OFFICIAL USE SECTION 02 OF 02 GENEVA 05426

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ITEMS WHERE THE RATES OF DUTY WOULD INCREASE BY 0.5 PERCENT
OR MORE.)

6. U.S. AND JAPANESE DELEGATIONS AGREED TO RESUME DISCUS-
SIONS APRIL 12 TO COMPLETE THE EXPLANATION OF THE U.S.
SUPPLEMENTAL REQUEST LIST ON ISAC GROUPS 13-27 AND TO
COVER OTHER TOPICS NOTED IN GENEVA 5078.

7. COMMENT: JAPANESE REQUEST LIST APPEARS TO BE A NEGO-
TIATING TACTIC DESIGNED TO COUNTERBALANCE THE U.S. RE-
QUEST LIST SINCE IT INCLUDES REQUESTS FOR FURTHER TARIFF
REDUCTIONS ON ITEMS THAT ARE MANDATORILY EXCEPTED AND

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FOR TARIFF REDUCTIONS ON NUMEROUS ITEMS WHICH WOULD EX-
CEED U.S. TRADE ACT AUTHORITY. END COMMENT.

8. DRAFTED BY CASSIDY. MCDONALD

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TARIFFS, EXCEPTIONS LIST
Control Number: n/a
Copy: SINGLE
Draft Date: 11 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
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Previous Handling Restrictions: n/a
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Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3013144
Secure: OPEN
Status: NATIVE
Subject: U.S.-JAPAN BILATERAL ON U.S. SUPPLEMENTAL - TARIFF REQUEST LIST
TAGS: ETRD, JA, US, MTN
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/144c20b3-c288-dd11-92da-001cc4696bcc
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